

# THE LEADERSHIP

# CRISIS



# OF THE US RULING CLASS

## PART II

By Ron Tabor

In last year's issue of *The Utopian*, I wrote about the leadership crisis plaguing the ruling class of the United States. My article discussed the fact that although the US was faced with dire economic and social problems, the ruling class – the tiny, extremely wealthy elite that controls the country's economic, social, and political institutions – was incapable of making the political decisions necessary to address those issues. While the leadership crisis may not have been obvious last summer, it has become blazingly clear since then.

It is worth reviewing some of the issues confronting the US capitalist class.

### INTERNATIONAL CRISIS...

On the international front, the decline of US imperialism is accelerating. This has been revealed in the popular revolts in North Africa and the Middle East that occurred earlier this year (and which are still going on) and the US response to them. Despite the fact that the uprisings were launched in the name of US-style democracy, the United States was caught flatfooted by the events and to this day has not come up with a workable policy to deal with them. In a nutshell, the US ruling class has been caught between its claims to stand for (bourgeois) democracy – rule by the people, political and human rights for all – and its actual support and financing of whatever corrupt, reactionary elites, cliques, and dictators have been committed to pacifying the area and defending US interests. US policy toward the revolts, as articulated by the administration of president Barack Obama, has been essentially to hedge its bets, giving tepid rhetorical support to the rebels while continuing to back the US's stooges, at least until the point where such support has no longer been feasible. (The only country toward which the US has pursued a more decisive policy has been Libya, and even there, it is its European allies that have borne the brunt of the intervention.) While the US elite has managed to emerge from the events with its prestige reasonably intact (largely because of the naivete of the rebellious peoples), it has made its clients suspicious of its commitment to them. As a result, these regimes are now edging away from the US and looking for other sources of support. The net result of Obama's mealy-mouthed policy

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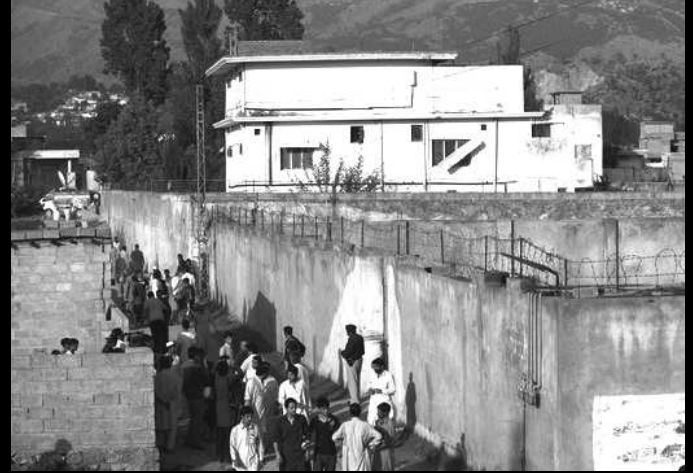
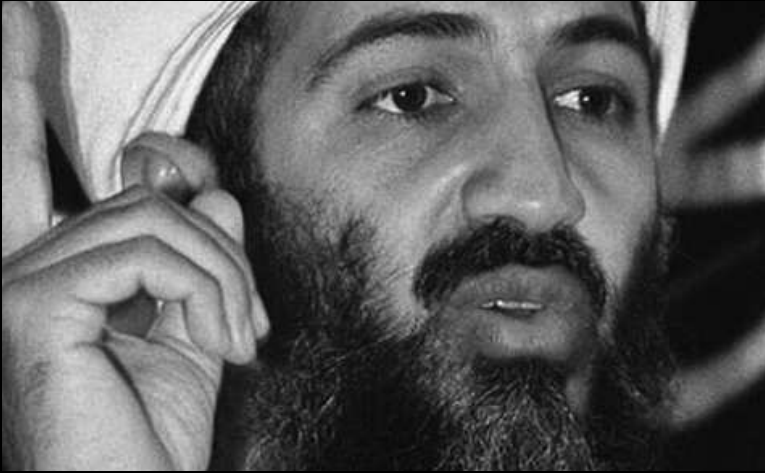


has been that US domination of the area is far less secure than it used to be.

Even more telling is the aggravation of hostility between the US capitalists and the ruling class of Pakistan. Over the past 15 years, relations between the two classes have not been without problems. A significant sector of the Pakistani elite, centered in the armed forces and especially in the ISI, the Inter-Services Intelligence agency, has been covertly hostile to the US. This group is angry at what it perceives as the US's tilt toward Pakistan's arch-rival, the much larger and more economically dynamic India, resentful of the US drone attacks on Pakistani territory, which have killed significant numbers of civilians, distrustful of US power in the region generally, and concerned to align itself with the anti-US/anti-Western sentiment common among much of the Pakistani population. As a result, it has pretended to support the US effort in Afghanistan, even periodically engaging in military efforts against Taliban insurgents in its own territory, while secretly aiding the Taliban, in hopes of ensuring a friendly country in its rear in the event of a collapse of the

Karzai government in Afghanistan and escalating hostilities with India. For its part, the US ruling class, while fully aware of the ambivalence of the Pakistani elite, has been anxious to preserve Pakistan as an ally in both the war in Afghanistan and the “War on Terror.” Thus, for their own reasons, the US and the Pakistani ruling classes have agreed to cooperate in

US elite going to do? As long as it is waging war in Afghanistan, it needs Pakistan (it certainly can’t rely on the Iranians or the Russians) as a staging ground for its operations, as a storage depot for its supplies, and as an at least nominally friendly state in the area. In contrast, the Pakistani elite clearly senses the desperation of the US



the effort to obscure the problematic relations between the two countries.

Unfortunately for the US, the assassination of Al Qaeda leader Osama Bin Laden this past spring has exposed the charade. Although the ruling class, the mass media, and (unfortunately) much of the rest of the country saw the assassination as a great victory, it was actually a reflection of US weakness. Aside from the fact that it took ten years to find the guy, it was revealing that he was living, not in the rugged and sparsely-populated mountains between Afghanistan and Pakistan, where he was assumed to be, but in a suburban area of the US’s supposed ally. It is also hard to believe that the Pakistani elite, or at least the military leadership, did not know exactly where Bin Laden was and suggestive that they did not reveal this information to the US. Moreover, the fact that the Obama administration (correctly, as it turned out) did not trust the Pakistani government with advance warning of its assassination plans, let alone propose to carry out a joint operation, suggests the true nature of “US-Pakistani” friendship. But what’s the

position, while realizing that it can now look toward the ever more powerful China, which has its own long-standing animus toward India, as a counterweight to the US.

Equally if not more important, the US’s deteriorating position in Afghanistan clearly demonstrates that its empire is crumbling. Although the Obama administration, the CIA, and the military claim that they have significantly weakened Al Qaeda and put the Taliban on the defensive, the reality is that the US has lost the war. As Vietnam showed, all that an anti-imperialist insurgency needs to do to win is to survive. After ten years of conflict, with no clear victory in sight, the US population is tired of the whole thing; it has cost way too many lives and much too much money, at a time when millions of people are suffering at home. And since there has been no major “terrorist” attack since September 11, 2001, few people believe the war in Afghanistan is vital to US security. Not least, almost everybody realizes that the weakened US economy cannot afford to continue the intervention, let alone to send in enough troops to gain a decisive victory. As a result, US withdrawal

(however it is carried out) is the order of the day, and it is extremely unlikely that the corrupt and incompetent government of Hamid Karzai will be able to get itself together to defeat the Taliban. Even if negotiations between the warring parties do occur, even if some kind of coalition government is established, and even if the de facto civil war in the country is brought to a close, the result will not be the decisive defeat of the Taliban and the establishment of a stable, pro-US government in the area. It is typical of Obama's timidity and opportunism that he is drawing out the withdrawal as long as possible, most likely to avoid giving the Republicans a point of attack during the accelerating presidential campaign. (How many additional lives, Afghani and American alike, will be lost because of this cynical maneuver?!)

#### DOMESTIC CRISIS...

Domestically, the most obvious problem confronting the US ruling class (and the rest of us) is a floundering economic system. Although a recovery began in early 2009, the economy is still limping along and unemployment remains devastatingly high (over 9% officially, closer to 20% if those who have given up looking for work, those who are involuntarily working part-time, and those who are employed in jobs beneath their skill levels are included). The banks and corporations, the major beneficiaries of capitalist "welfare" programs, have been making record profits and are loaded with cash. But instead of hiring more workers, they are rationalizing their production and administrative processes and forcing their existing employees to work harder and longer for less money. This refusal to hire more workers is the main reason the economy is stalled. Meanwhile, the "consumer," responsible for roughly 70% of the country's Gross Domestic Product, has not been spending. Given the numbers of people unemployed, homeowners who are "underwater" (owing more on their homes than they are currently worth), other people who are overextended on other types of debt, and those who might be willing to spend if they could get credit from the banks, this is no surprise. Meanwhile, the Obama administration's "stimulus package" has reached the end of its life, while the Federal Reserve Bank has indicated that it will not renew its program of "Quantitative Easing," which

aimed at expanding the money supply and keeping interest rates low by buying up long-term government securities. In any case, it is not clear what continuing the policy would do since interest rates can hardly get any lower. Although some liberal voices, such as those of economist Paul Krugman and the *New York Times*, have been pleading for another, even larger, stimulus package to encourage more



consumer spending (and dealing with the deficit later), the size of the existing debt (\$14.3 trillion) and deficit and the current constellation of political forces make this impossible. The economic sector that drove the economic expansion of 2001–2007, residential housing, is incapable of reprising that role, since it is still deeply depressed. And given the existing economic situation – the joblessness, private indebtedness, glut of homes, continuing foreclosures, the banks' fear of lending – this is not going to change soon. Hanging over the entire economic picture is a psychological factor – nobody has confidence in the future – and this, too, is not going to change, at least until there is a break in the logjam that is the present state of US politics.

Beyond the short-term difficulties of the economy are the larger, long-term ones: the problems facing Medicare and Medicaid, and, further down the road, Social Security; the profoundly decaying infrastructure; and the already mentioned government deficit and accumulated debt.

## POLITICAL CRISIS...

But in fact the biggest problem facing the US ruling class is the political crisis in Washington, the stalemate between congressional Democrats and Republicans that is preventing the federal government and the ruling class as a whole from doing anything to address the economic and social problems of the country.

cal system offers the ruling class a means by which to recruit promising members of the population (mostly from the upper layers of the middle class but not exclusively so) into the political leadership and, through this, into the ruling class as a whole. (We are seeing this process at work in the case of the Obama family.) In times of militant mass struggle, this openness to new talent offers the class a way



This standoff is, to a considerable degree, the result of the nature of the political system under which the nation operates. This system, carefully crafted by the “Founding Fathers” and historically evolved since then, offers many advantages to the ruling class. For one thing, it obscures the fact that there *is* a ruling class, spreading the myth instead that it is the “American people” who really rule, and allowing the elite to evade its responsibility for the problems the country might face. Republicans blame Democrats, Democrats blame Republicans, and very few people realize who is really responsible. The system also encourages the direct and indirect participation in bourgeois politics of significant sectors of the middle class and more prosperous layers of the working class. Such participation and the nature of the system itself encourage the notion (the delusion, as I see it) that significant social change is possible through the “democratic process.” In this way, large numbers of people “buy in” to the system and are thereby dissuaded from considering radical, let alone revolutionary, thoughts and actions. In addition, the politi-

cal system offers the ruling class a means by which to recruit promising members of the population (mostly from the upper layers of the middle class but not exclusively so) into the political leadership and, through this, into the ruling class as a whole. (We are seeing this process at work in the case of the Obama family.) In times of militant mass struggle, this openness to new talent offers the class a way

to buy off radical leaders, rendering the movements less radical and less effective. Finally, the system offers the ruling class a way to thrash out its political differences – different economic interests, different conceptions of where the country should be headed, different ideologies – in a way that does not (usually) threaten the stability and prosperity of the country.

Yet, these advantages of bourgeois democracy come with notable disadvantages. Most important, they mean that the ruling class does not control the state as directly and as tightly as it might want. At most times, the rulers’ hegemony is secure: through their control of the mass media, the military, the government bureaucracy, and the educational system; through their financing of political campaigns (as well as the fact that many, if not most, of the politicians are themselves members of the ruling class); through their role as purchasers of the government debt; and through the palpable fact that maintaining the health and profitability of the biggest corporations and banks is essential to the pros-

perity of the entire country. Yet, there are times when the rulers' lack of direct control poses serious problems. We are now in such a situation.

As I write this (July 2011), Republicans are holding

plunge the US economy into another 2008/2009-style recession. And given the role of the US dollar as the de facto global currency and the fact that trillions of dollars are held as assets by governments and private investors (including pension funds), a default would drastically



Congress and the rest of the country hostage to their refusal to raise the debt ceiling of the federal government and to consider any tax increases whatsoever (even closing huge tax loopholes and eliminating outright giveaways and subsidies to corporate entities), and their insistence that the entire budget deficit be closed immediately by gutting government programs for working class and middle class people. Although the obviously pro-corporate/anti-working class nature of this stance might suggest that it is coming from the ruling class as a whole, I do not believe this the case. As I see it, the vast majority of the elite knows full well that the Republican position is a disaster, both for themselves as individuals and for the country as a whole. They know that the results of not raising the debt ceiling are likely to be catastrophic. Such a move would represent the US government defaulting on its debt. If that were to occur, much of the federal government would immediately shut down (e.g., Social Security, unemployment insurance, and disability checks would not be issued, military personnel would not be paid), while interest rates on US securities would skyrocket and the value of these securities would collapse. Taken together, these developments would

depreciate those assets overnight and hurl the entire world economy into another Great Depression, if not something worse. The vast majority of the ruling class also realize that the congressional Republicans' demand that the federal budget be balanced immediately and that it be done entirely through slashing programs directed toward working and middle-class people is neither politically wise nor economically viable. And they are definitely not for eliminating Medicare, Medicaid, and Social Security and smashing the unions (some of the other central planks of the current Republican program), since they recognize that these institutions are essential to the long-term economic health and political stability of the country.

That the entire ruling class does not support the current Republican stance on the debt ceiling and the budget is suggested by the number of significant Republican figures, including some with long-standing conservative credentials, who have gone public to attack the current Republican position. These include: former chairman of the Federal Reserve Bank, Alan Greenspan; former Republican senator from New Mexico, Pete Domenici; for-

mer Republican senator from Wyoming and co-chairman of Obama's bi-partisan fiscal commission, Alan Simpson; two important figures of the the Republican administrations of Ronald Reagan, David Stockman and Bruce Bartlett; and most recently, Al Hoffman, co-chairman of



George W. Bush's campaign committees and former chairman of the Republican National Committee. This opposition to the Republican stance suggests that there is a political consensus among the majority of the ruling class, but it is one that, at this juncture, the congressional Republicans and the Republican Party as a whole do not share.

This consensus can be briefly described as follows:

Although most members of the elite do not fully understand the historical roots of the economic crisis and the extent of the problems facing the country, they do recognize that the nation is in trouble and that something substantial needs to be done. They also agree that the economic crisis and the longstanding social problems of the nation should be solved primarily at the expense of working class and middle class people and should not involve any risk to the system as a whole or to their own wealth and power. In other words, they agree that the working class and middle class should bear the brunt of the sacrifices needed to save the system and return it to prosperity. This means lowering real wages, weakening the unions, cutting government pro-

grams directed toward workers and middle class people (including Medicare, Medicaid, and Social Security), reducing the debt, both public and private, and taking significant steps to close the budget deficit. They also believe that to do this, taxes need to be raised on everybody, including the rich, that is, the members of the elite themselves. Although some commentators call this "equality of sacrifice," this expression is a joke. The ruling class knows full well that higher taxes on working class and middle class people entail substantial cuts in their expenditures on necessities (food, clothing, shelter, medical care, education, savings for retirement), while tax increases on the rich will, at most, make a slight dent in their discretionary spending, that is, their spending on luxuries, and one they can easily afford. They also understand that raising their own taxes (marginally) and calling this "equality of sacrifice" make raising taxes on, and cutting social programs for, working class and middle class people politically more palatable.

#### REASONS FOR THE CRISIS

If such a consensus exists, then why is the federal government incapable of acting? There are several reasons.

(1) The consensus among the ruling class is not total. A section of that class, its extreme right wing, wants to take advantage of the current conjuncture to push through a drastic restructuring of the economic system of the country. Although it is usual among liberal commentators to attribute the right-wing program to hypocrisy, self-interest, and greed (and there is certainly plenty of this at work), at bottom, it represents a consistent, though extreme, ideological position. This position bases itself on the theoretical proposition that the "free market," in other words, unfettered corporate capitalism, functions best and most efficiently when it is left entirely to itself, and that all the economic problems that have beset the country since the 1930s have been the result of interference, government and otherwise, in the unrestricted workings of the system. As a result, the right-wing outlook calls for the elimination of virtually all of the social programs currently carried out by the federal government, including and in particular Social Security, Medicare and Medicaid, unemployment benefits, government-funded job training programs, the Veterans

Administration (although the ideology's proponents take care not to mention this), and the public school system, along with the destruction of the country's labor movement. Although this general ideological position was shared by much of the ruling class during the 1930s, when they opposed Franklin D. Roosevelt's New Deal, in the post-World War II period, the majority of the class came to accept New Deal-style policies and programs and to understand their role in stabilizing the system, both economically and politically. Yet, there has always been a section of the elite, centered around independent oilmen in Texas and elsewhere, high-level military officers (active and retired), and, more recently, owners of the conservative media (e.g., Fox Broadcasting) that has remained staunchly committed to the right-wing program.

(2) By themselves, this sector of the elite would represent little threat to the country, but their influence has been greatly augmented by the emergence of the Tea Party movement, which they have largely financed and which has, in effect, captured the Republican party. The Tea Party Movement can best be understood as a quasi- or proto-fascist movement, one that shares many, but not all, of the characteristics of the classic European fascist movements of the 1920s and 30s. The movement, as I indicated above, has been largely financed by the extreme right-wing faction of the ruling class. It is based primarily on sectors of the white middle class, small business people, and white workers, whose economic positions have been threatened by the recent economic crisis and whose sense of superiority has been challenged by the social and cultural changes that have occurred in the US since the 1960s and are still going on today, primarily the struggles for economic, political, and social equality of African-Americans, Latinos, women, and homosexuals. The Tea Party Movement is racist and sexist, although not explicitly so, and seeks to turn back the clock on the political and social rights won by the aforementioned groups and to turn the nation into a white Christian country. The movement is also deeply nationalist, anti-immigrant, and anti-intellectual, and largely, although secretly, armed. Finally, the Tea Party Movement seeks to mobilize deeply frightened people around what is actually a pro-capitalist program while directing their attention and anger away from the ruling elite and the capitalist system as a whole and attempting to con-

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vince them that their enemies are the federal government (particularly Barack Obama), the Democratic Party and liberals generally, the mass media, the unions, non-Christians, and non-white citizens and immigrants.

The Tea Party Movement is the latest embodiment of the mass conservative movement that has grown steadily since the political realignment that began during the election and administration of Republican president Richard M. Nixon in the late 1960s–early 1970s. Greatly stimulated by the economic crisis of the past few years and by the election of the first African-American president of the United States, the movement saw a qualitative increase in its political power and social relevance as a result of the congressional elections last November that saw the emergence of a Republican Party majority in the House of Representatives and the gain of a substantial number of seats in the Senate. This victory, and the implied victory of the right-

wing faction of the ruling class whose stalking horse it is, cast the movement into its current position as blackmailer of the nation, holding the country hostage to its reactionary program.

(3) The third reason for the stalemate paralyzing the federal government has been the weak, ineffectual leadership provided by the Democratic Party as a whole, and by president

independent voters who might have responded to strong leadership, and render the conservative movement even more self-confident and aggressive. This political dynamic was played out in last November's elections. It also enabled the more extreme elements among the conservatives to increase their hold on the Republican Party, so much so that individual Republicans in Congress who might be willing to compromise on raising the debt-ceiling and negotiat-



Obama in particular. Although he was elected by a significant majority of the voters, many of whom were expecting and anxious to be mobilized to fight for a program of substantial "progressive" reforms, Obama has systematically refused to act on his mandate and instead has positioned himself as a mediator between liberals and conservatives. Concretely, instead of proposing and organizing for a serious program to create jobs, one entailing substantial public works projects to rebuild the nation's infrastructure, he wasted his political capital on a "stimulus package" that was both tepid and in fact another example of "pork barrel" politics and a health-care reform bill that did little to address anybody's health needs but did succeed in scaring a lot of people with its mandate that the uninsured be required to purchase medical insurance, whether they can afford it or not. The result of Obama's centrism and the conservatives' refusal to play ball has been to hobble and demoralize Obama's most resolute supporters, alienate

ing a budget deal are terrified to even appear to be considering to do so.

It is also worth noting that Obama has said and done nothing while Republican governors and legislators in Wisconsin, Michigan, Ohio, New Jersey, and elsewhere have engaged in the most aggressive union-busting campaign seen in this country in many decades. If anything, Obama and his secretary of education, Arne Duncan, set the stage for this assault by their continual blaming of the teachers' unions for the long-standing problems of the country's public school system.

Obama's latest ploy is a continuation of his overall approach: to appear to be reasonable (and offering to give away the store, that is agreeing to massive cuts in needed social programs) while trying to maneuver the Republicans into either negotiating a deal or appearing to be the ones

responsible for the failure to reach one and the consequences of such a failure. This may succeed in finding a way out of the current impasse. It may also play well in next year's elections. But it will do little to help the country in the long term and do nothing to help the poor, middle class, and working class people who rely on the programs that are likely to be slashed as a result of any deal that comes out of the political process.

## LESSONS OF THE CRISIS

As of this writing, a solution to the stalemate seems likely to be found. This is because the Republican congressional leadership appears (finally!) to have recognized that forcing a government default would be good neither for the country nor for the future of the Republican Party, since it would be blamed for the disaster. The big obstacle now is convincing the Republican rank and file in the House of Representatives that, contrary to the party's propaganda for the last six months, defaulting on the debt would be a "big deal" and that they need to compromise on the budget. How the Republican leadership accomplishes this will be interesting to watch. That they need to do so shows just how far the Republicans have overreached. Seriously misreading the results of last November's elections, they assumed that the independents who voted for them accepted the more extreme aspects of their program. But this was not so. Whatever the reasons these voters cast their ballots for Republicans, they did not think they were voting to prevent the rich from being taxed, disband Medicare, smash the public employees' unions, throw the country back into recession, and cause a global depression.

This entire situation shows, once again, that relying on the political process and on the Democratic Party to fight for our interests is a fatal mistake. To be sure, the Democrats are better than the Republicans, but they, no less than the Republicans, represent the ruling class. They – all of them – are our enemies. To continue playing the shell game that is US politics is to continue to accept full-scale attacks on our living standards and our rights without fighting back. Isn't it time to wake up?